(b) The volatility in securities markets is a function of the perception of investors—domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments.

(c) The volatility is inherent in stock markets. The authorities normally do not react unless volatility is attributed to manipulation in the market. Exchanges have, however, been directed by SEBI to analyse steep falls and rises in the market to detect untoward patterns or skewed concentrations. Preliminary analysis does not reveal such findings.

(d) and (e) SEBI and the Exchangers have put in place system and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems include advanced risk management mechanisms comprising on-line monitoring and surveillance and various limits on positions, margin requirements, circuit filters, etc. which reduce the scope for excessive volatility in the market Exchanges have been advised by SEBI to keep enhanced real time vigilance on volatility and deviance, if any, in the market.

Peerless General Finance and Investment Company Ltd.

207. SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether the Peerless General Finance and Investment Company Ltd., a Residuary Non-Banking Company (RNBC) has been directed through RBI to wind up its residuary non-banking business within a period of three years;

(b) if so, the reasons therefor; and

(c) whether any other RNBC has been given such direction, and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Residuary Non-Banking Companies (RNBC) regulations have been constantly evaluated and reviewed keeping in view the interest of the depositors. Reserve Bank of India (RBI) is of the view that in the changed regulatory environment, the existing business model of RNBCs may not remain viable and sustainable in the longer time-frame. Accordingly, all the companies have been advised to recognize this change and evolve an alternate business model instead of continuing with RNBC business, within a proposed time frame of three years.

Upgradation of Nationalized Banks

208. SHRI JAI PARKASH AGGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government have taken steps to upgrade the nationalized banks to the international level and to provide all those facilities in the nationalized banks which are being easily provided to the customers by the International banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) To ensure smooth and efficient functioning of banking sector in general and public sector banks (PSBs) in particular and to enable them to complete at international level, Reserve Bank of India (RBI) has prescribed measures/guidelines for strengthening of prudential supervision *viz.* provisioning and classification norms for non-performing assets

(NPAs), capital adequacy norms, guidelines to improve customer service, etc. Further, Government announced an Autonomy Package in February 2005 for the PSBs to enable them take quick and efficient decisions, and to provide Bank Boards sufficient managerial autonomy to enable Public Sector Banks to compete internationally. Government has also put in place a mechanism to monitor the performance of PSBs on the basis of the 'Statement of Intent on Annual Goals' submitted by them on various performance parameters. The Banking Ombudsman Scheme has been revised in January 2006 to include customer grievances relating to credit cards, services promised by the banks, etc. Banking Codes & Standard Board of India (BCSBI) has also been set up to measure the performance of the banks against codes and standards based on established best practices. Nationalised Banks are providing a wide range of services to customers, and are increasingly using information technology to extend the reach of core banking solutions, introduce technology based products and services like mobile banking and expand internet banking.

World Investment Report 2007

209. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether the World Investment Report 2007 has pointed out certain hurdles which may make it tough for India to reach annually inflow target of $ 50 billion by 2010;

(b) if so, what are the likely prospects pertaining to India as reported by the United Nations Conference on Trade and Development's (UNCTAD) would investment for 2007-09;

(c) what was the percentage of rise in FDI inflow during 2007-08 as compared to 2006-2007 which India overtook as biggest recipients in Asia, country-wise; and

(d) what steps Government have taken to ensure that by 2010 India becomes world's hottest FDI magnet?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The World Investment Report 2007 has pointed out, *inter alia*, that "India has shown huge potential for market-seeking FDI, but faces a number of disadvantages that could impede progress in attaining its goal of raising annual FDI to $50 billion by 2010". The World Investment Prospects Survey for 2007-2009 of UNCTAD indicates that according to investors, India would continue to remain a top destination, next only to China, for FDI in 2007-2009. It further indicates that the responses of investors show that India and China present constraints in terms of their investment environment, government effectiveness and access to capital markets.

(c) The FDI flows (equity capital) into India have registered a growth of 86% for the period from April to August 2007 as compared to that of April to August 2006.

(d) A liberal and transparent FDI Policy permitting 100 % FDI under automatic route in most of the sectors has been put in place and the policy is reviewed on a continuing basis for a further progressive liberalization.

Financial grant to Orissa

210. MS. PRAMILA BOHIDAR:
SHRI B.J. PANDA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Department for International Development (DFID) of the United Kingdom proposes to grant Rs. 228.6 crore to the Orissa Government for the public enterprises reform programme;